



**INTERNAL AUDIT
PERSPECTIVES**

**MODERNIZING
AN INTERNAL AUDIT
FUNCTION**

Steeve Talbot



IAI

Canada
Montréal

Introduction

The internal audit function is an essential element of corporate governance, responsible for providing independent and objective assurance on risk management, internal controls, and compliance with laws and regulations. However, with the rapid evolution of technology and economic and regulatory environments, the internal audit function must adapt to remain relevant and effective.

In this article, we had the opportunity to discuss the modernization of the internal audit function with Steeve Talbot, Head of the Bureau de la Surveillance du Mouvement Desjardins (BSMD), the internal audit function of Mouvement Desjardins. We examined the challenges and opportunities facing the internal audit function, as well as best practices for ensuring its effectiveness and relevance.

BIOGRAPHY



BIOGRAPHY

Steeve Talbot, Head of the Bureau de la Surveillance du Mouvement Desjardins

As the Head of the Bureau de la Surveillance du Mouvement Desjardins (BSMD), Mr. Steeve Talbot plays a significant role in the evolution of the internal audit function. Leading one of the largest internal audit offices in Quebec, with nearly 140 employees on his team, Steeve is dedicated to modernizing practices and generating interest both within the organization and in society.

In June 2023, he was awarded the recognition prize in the Internal Audit Executive/Manager category by the Montreal chapter of the Institute of Internal Auditors (IIA). He earned this honor for his commitment to advancing the profession, his professional achievements, his vision, his innovation, and his perseverance.



Interview

01 To start, could you tell us about your background and what led you to your current position as Head of the Bureau de la Surveillance du Mouvement Desjardins (BSMD)?

« Before joining Mouvement Desjardins, I worked for about twenty years in a public accounting firm, including 7 years as a partner in auditing.

Desjardins has always attracted me, both for its business sense and its human side. Desjardins is an organization that aligns

with my own management values. For me, teamwork is important. Complementary strengths are essential, as well as collaboration and mutual assistance. It is a human and modern organization that is constantly evolving. »

02 What was the reality of the BSMD when you took on the role of Head of the function, and what motivated the transformation that has taken place since?

« When I arrived at Desjardins in 2015, I held the position of Vice President, Surveillance, Business Sectors. From the moment I arrived, I could see the evolution that was taking place within the internal audit function at Mouvement Desjardins. There was a real desire to modernize. When I was appointed Head of the Bureau de la Surveillance in 2020, I wanted to continue and push this evolution even further.

Today, we aim for our auditees, commonly referred to as «partners» within the BSMD, to see us as trusted advisors who guide actions, connect people, raise awareness of what needs improvement, and simplify governance, risk management, and internal controls rather than burdening them.

Our intervention methods and scope have greatly expanded in recent years. The Bureau de la Surveillance now works in an Agile mode. We support our partners in numerous large-scale projects or programs and maintain trusted relationships with regulators and the senior management of Mouvement Desjardins, while remaining objective and independent, never complacent.

We position ourselves today as strategic and benevolent partners whose support promotes proactive risk management and the achievement of objectives, in the interest of members and clients. We are part of the organization's value chain, and it is always relevant to work with us. »

03 How did you identify areas for improvement within the BSMD? What were your points of comparison or what tools and resources were available to assist you in this major undertaking?

« I am very interested in the latest trends and best practices in the internal audit function, whether it is internal or external audit. We need to be modern, high-performing, and value-added.

I rely on my experience in internal and external auditing. I also consult guidelines, strategic monitoring, and exchange with specialized firms, other heads of internal audit in Canada, and sometimes even with internal audit departments internationally.

We have feedback discussions with our partners every year. The information gathered helps identify areas for improvement and strengthen good practices.

Furthermore, I work with a multidisciplinary team. I am surrounded by different profiles with diverse knowledge in actuarial science, law, IT, HR, finance, and of course, accounting. This diversity is precious for the richness of expertise and complementary strengths. It allows us to be in a continuous improvement mode.

I strongly encourage involvement in professional associations such as the IIA, Montreal or Quebec chapter. This allows us to learn from each other's experiences and share knowledge that is useful to our work. These networking opportunities enrich our thinking about what needs to be done to improve. »

04 Once the areas for improvement were identified, how did you find the solutions to implement? Did you use trial and error, did you have a defined plan, or a mix of both?

« The plan is clearly defined to the information sources that served as the starting point for the diagnosis. By having a good understanding of our current situation and our targets, finding the solutions to implement naturally follows. Once the execution plan is well established, we simply need to rigorously follow it.

Some of the solutions are highly innovative and come with their share of challenges. Since we have a clear vision of how to create added value within the organization, it encourages us to stay on track and make the necessary efforts for implementation.

So, to answer your question, I would say it is a well-defined plan based on a clear target, which is to be trusted partners with whom it is always relevant to work, in the interest of members and clients.

However, we still leave room for small detours/adjustments to continually increase efficiency. We try to learn from our experiences, be agile in our approaches, adapt to the organizational context, while always focusing on what we want to achieve as a team. »



05 Could you give us some examples of the changes you have made as part of the transformation of the BSMD?

« Modernization of Continuous Audit Strategy

With great pleasure, modernizing continuous auditing is a good example.

In 2021, we created a main Analytics and Innovation department. It is a multidisciplinary team, currently composed of expertise in data visualization, mathematics, business intelligence, process optimization, project management, and even engineering.

Through data analytics, we have evolved our periodic interventions towards continuous auditing. This allows us to timely detect potential deficiencies requiring specific and immediate intervention, ensuring integrated risk management for the benefit of members and clients. Another example of our efficiency gains as monitoring can be done remotely, and we intervene where it makes a real difference.

Process Optimization

In addition to analytics and data visualization projects, we are working on process optimization and automation. Our goal is to free up clerical tasks to allow people to focus on what truly adds value. For example, we have developed a change capture tool that allows us to compare demonstrations provided by partners during statutory mandates, improve our sampling methods, automate mandate sheets, optimize time tracking entry, and more.

Advisory Role

The evolution of the internal audit function also involves an advisory role.

We strive to be more preventive than repressive. I often mention that we are not paid based on the number of reports and findings issued; we are paid to ensure that governance processes, risk management, and internal controls are adequate, based on the organization's approved risk appetite and tolerances.

It is important to note that the Bureau does not make decisions; it influences, recommends, and facilitates. Thus, we maintain our objectivity and independence even when we accompany a sector in its initiatives.

We are present and have influence at strategic tables (e.g., Mouvement's Executive Committee, various steering committees).

We leverage our 360-degree view of the organization and our knowledge of organizational changes.

We encourage end-to-end process ownership by the mandate holder and owner.

Therefore, we aspire to create even more added value for the organization - its members and clients.

Talent Management

We work to propel talent. Human capital is crucial and deserves the utmost attention.

We manage talent to ensure that employees are engaged, competent, and high-performing. We offer an onboarding program for new employees. We encourage obtaining the Certified Internal Auditor (CIA) designation through various support mechanisms. We have an annual symposium, sharing communities, lunch and learn sessions.

The auditors at the Bureau de la Surveillance are now equipped with an audit methodology adapted to support them in carrying out statutory, project follow-up, or traditional mandates. Internal audit is not static. This function is dynamic. It is constantly evolving. This evolution is based on both how mandates are carried out and the advisory role of the auditor in their interventions.

Several training opportunities are offered to them each year, focusing on both the profession and soft skills. I strongly encourage all members of my team to develop themselves to increase their impact. >>



06 What were the dynamics with external stakeholders when you presented the transformation plan?

« I communicated, communicated, and communicated my vision for the evolution of the internal audit function. Once communicated, it is important to lead by example.

It is important to revisit the target and provide the context for these changes.

Maintaining periodic and consistent communication with our internal partners is an important initiative in our execution plan. To ensure the success of this initiative, a structured approach is put in place with partners through virtual or in-person coffee meetings. This establishes or strengthens the relationship and

allows us to play a value-added advisory role. By addressing their concerns, business challenges, operations, or other relevant topics, this initiative materializes our desire to be trusted partners with whom it is always relevant to work. The highlights of these meetings are documented and shared during management committees to enhance understanding of the business and the organization.

When a partner calls me or an auditor themselves to seek our advice on governance or other important matters to them, I see that the vision is taking hold. »

07 What about the dynamics within the BSMD itself? What were your change management strategies, and how did you handle difficulties?

« We have an ambassadors committee composed of representatives from each unit to support us in change management. They are tasked with promoting ownership and implementation of changes, facilitating communication and information flow, and contributing to proximity between employees and the management committee.

We have also identified champions who support learning about new ways of doing things. They serve as reference points for answering questions.

Communication is also at the heart of our change management. Several mechanisms are in place to support people through change, including monthly meetings with all staff, a symposium with discussion workshops, and a quarterly publication to inform about new developments and provide updates on the execution plan. »

08 What advice could you share with other heads of internal audit or professionals in internal audit who also wish to be agents of change and make their own function more relevant and effective?

« I would tell them to surround themselves with the right people. It may sound cliché, but it makes all the difference. It is thanks to the excellent work of my entire team that we achieve great success.

As I often say, we are stronger together. We all converge towards a common goal, which is to work in the interest of members and clients.

You know, human capital is the most important asset. We must never neglect it. And people respond positively. I often say that auditors are my eyes, my arms, and my ears. Together, we are more relevant, high-performing, and value-added. »

09 Lastly, what are the next steps and major projects for the BSMD?

« There are three dimensions on which I focus my energy: people, processes, and technology.

People

Continue to support the certification of internal auditors to ensure that the Bureau de la Surveillance remains credible and relevant to the organization.

Leverage the full potential of each individual by placing them in their strengths and considering their interests. This involves assignment and delegation processes integrated into management practices.

Continue to propel talent, always encouraging them to have fun and valuing curiosity, initiative-taking, proactivity, and problem-solving. These dimensions are very important to me.

Process

Get closer to partners to maintain and develop close relationships while preserving our independence and objectivity.

Strengthen our collaboration mechanisms for second and third lines of defense. We are part of an ecosystem. We need to adjust, listen, and find balance.

Technology

Continue to modernize the internal audit function through the use of data analytics, automation, and innovation. »



About the BSMD

The Bureau de la Surveillance du Mouvement Desjardins (BSMD) is an independent and objective assurance and advisory organization.

It assists Mouvement's leaders in their governance responsibility, monitors and advises management in their sound and prudent management responsibility. It thereby contributes to improving the overall performance of Mouvement and maintaining the trust of members, clients, the public, and regulatory bodies towards Desjardins.

The role of the Bureau de la Surveillance is evolving to support the organization in achieving its objectives and priorities. The BSMD aims, among other things, to enhance its advisory role and collaboration in its relationships with partners, considering the evolving role of internal audit in the market.



IAI
Canada
Montréal